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FISCAL IMPACT STATEMENT

LS 6984

BILL NUMBER: HB 1267

NOTE PREPARED: Jan 11, 2008

BILL AMENDED:

SUBJECT: LIFE Scholarships.

FIRST AUTHOR: Rep. Klinker

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

Summary of Legislation: This bill establishes the Indiana Lifelong Learning Incentive for Excellence (LIFE) Scholarship Program to provide scholarships to Indiana residents for postsecondary education. It provides for administration of the program by the State Student Assistance Commission. The bill sets forth the amount of a scholarship award, subject to appropriations of the General Assembly. It also provides eligibility criteria for potential recipients.

The bill establishes the LIFE Scholarship Fund consisting of Slot Machine Wagering Taxes collected after June 30, 2009, and Riverboat Admissions Taxes that would have otherwise been deposited into the state General Fund as slot machine revenue replaced the Admissions Tax subsidy for horse racing. It reconciles conflicting versions of the riverboat tax distribution statutes. It also makes an appropriation.

Effective Date: July 1, 2008.

Explanation of State Expenditures: The bill establishes the LIFE Scholarship Program for college freshmen and sophomore students. To be eligible for the freshman grant, a student must be a graduate from a public or accredited nonpublic school or must have received an Indiana General Education Development (GED) Diploma. The bill also allows a student to retroactively qualify for the scholarship if the student has a 3.0 cumulative grade point average at the end of his or her freshman year and the student did not graduate from a public school or accredited nonpublic school or receive a GED.

Subject to the amount appropriated by the General Assembly, the amount of the scholarship is equal to the student's actual tuition plus mandatory fees. The impact would depend on the number of students going to college, the tuition and required fees, and other financial aid the students might be eligible to receive.

Assuming that about 75,000 students graduate each year, 65% go to college, the average tuition in 2008-2009 is about \$7,000, and that other scholarships would provide about 25% of the tuition cost, the impact would be about \$256 M the first year and \$512 M the second year.

The bill annually appropriates money from the LIFE Scholarship Fund for the scholarships. The LIFE Scholarship Fund consists of revenue from the Riverboat Admission Tax and the Slot Machine Wagering Tax (see *Explanation of State Revenues*).

Explanation of State Revenues: Summary -The bill redirects revenue from the Riverboat Admission Tax and the Slot Machine Wagering Tax to the LIFE Scholarship Fund. It is estimated that the bill could potentially result in the distribution of about \$17.5 M to the Fund in FY 2009, and about \$105.1 M to the Fund in FY 2010.

Background and Details-

Redirection of Riverboat Admission Tax Revenue - Current statute replaces the Riverboat Admission Tax subsidy to horse racing with amounts distributed to horse racing from a 15% set-aside of gaming receipts generated by the racetrack owner's slot machines. The 15% AGR set-aside is estimated to fully replace the Riverboat Admission Tax subsidy to horse racing beginning in FY 2009. This subsidy consists of: (1) Riverboat Admission Tax collections and (2) the annual supplemental payment from PTRF for replacement of Admission Tax shortages. Current statute distributes actual Riverboat Admission Tax collections otherwise earmarked for the horse racing subsidy described in (1) above to the state General Fund. The bill redirects this revenue, approximately \$17.5 M, to the LIFE Scholarship Fund beginning in FY 2009 and \$17.6 M in FY 2010.

Redirection of Slot Machine Wagering Tax Revenue - The bill would redirect revenue from the Slot Machine Wagering Tax for slot machine operations at the horse racetracks to the LIFE Scholarship Fund. This change would begin in FY 2010. Under current statute, the revenue from the tax is distributed to the Property Tax Reduction Trust Fund. The current revenue estimate for the slot tax is \$87.5 M beginning in FY 2010.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Student Assistance Commission, colleges, and universities.

Local Agencies Affected:

Information Sources:

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